

Message Text

LIMITED OFFICIAL USE

PAGE 01 PRETOR 04703 271455Z

44

ACTION AF-18

INFO OCT-01 EUR-25 ISO-00 IO-14 EB-11 AID-20 CIAE-00

COME-00 FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07

OPIC-12 SPC-03 CIEP-02 LAB-06 SIL-01 OMB-01 NSC-10

SS-20 STR-08 CEA-02 L-03 H-03 PA-04 PRS-01 USIA-15

DRC-01 /201 W

----- 101341

R 271434Z DEC 73

FM AMEMBASSY PRETORIA

TO SECSTATE WASHDC 9091

INFO AMEMBASSY BERN

AMEMBASSY LONDON

AMCONSUL CAPE TOWN

AMCONSUL DURBAN

AMCONSUL JOHANNESBURG

LIMITED OFFICIAL USE PRETORIA 4703

E.O. 11652: N/A

TAGS: EFIN, SF

SUBJ: SOUTH AFRICAN GOLD AND FOREIGN EXCHANGE RESERVES

REF: PRETORIA 4536

1. SOUTH AFRICAN RESERVE BANK HOLDINGS FOR WEEKS ENDING
DECEMBER 7 AND 14, 1973, AS FOLLOWS (IN MILLION RAND):

	DEC. 7	DEC. 14
GOLD	564.6 (DOWN 1.5)	562.8 (DOWN 1.8)
FOREIGN EXCHANGE	333.6 (DOWN 45.2)	283.9 (DOWN 49.7)
TOTALS	898.2 (DOWN 46.7)	846.7 (DOWN 51.5)

2. RUMORS OF AN IMMINENT DEVALUATION OF THE RAND AGAINST THE
DOLLAR CONTINUE TO CIRCULATE AMIDST OFFICIAL SILENCE ON THE
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 PRETOR 04703 271455Z

QUESTION. PRETORIA NEWS NOTED DEC. 24 THAT DEVALUATION

RUMORS PROMPTING IMPORTERS TO TAKE OUT DEVALUATION INSURANCE. AT SAME TIME, HOWEVER, PRIME MINISTER'S OFFICE ISSUED STATEMENT THAT IT HAD NO INFORMATION RE PRESS SPECULATION OF URGENT CABINET MEETING TO DISCUSS POSSIBILITY OF DEVALUATION.

3. RUMORS QUICKENED, OF COURSE, BY CONTINUING HEAVY DRAWDOWNS AGAINST RESERVES. SECRETARY FOR FINANCE, GERALD BROWNE, CITED BY SAME PRETORIA NEWS ARTICLE AS MAKING REASSURING SOUNDS RE RESERVE POSITION BUT SOME SECTORS OF BUSINESS AND FINANCE COMMUNITY REMAIN EDGY. BROWNE STATED THAT GOVERNMENT HAD EXPECTED RESERVES TO DROP AS ECONOMIC UPTURN GOT UNDERWAY AND AS IMPORTS INCREASED. ADDED THAT EXPORTS ALSO KEEPING UP WELL AND THAT THERE NO NEED FOR PESSIMISM REGARDING LONGER TERM VIEW. "IT IS MOST UNLIKELY THAT THE PRESENT RATE OF FALL IN THE RESERVES WILL CONTINUE," BROWNE SAID. "THIS IS TO SOME EXTENT A ONCE-FOR-ALL SPECULATIVE MOVEMENT. WHILE THE RESERVES MAY CONTINUE TO FALL SLOWLY, THE TREND MAY SOON BE REVERSED."

4. ROUGH EMBASSY CALCULATIONS BASED ON PUBLIC QUOTATIONS INDICATE THAT BETWEEN JULY 5 REVALUATION OF RAND AND DEC. 21, RAND RATE APPRECIATED 11.6 PERCENT AGAINST STERLING, 12.4 PERCENT AGAINST FRENCH FRANC, 11.4 PERCENT AGAINST WEST GERMAN MARK, AND 5.7 PERCENT AGAINST YEN.

5. COMMENT: RAND APPRECIATION, OF COURSE, IS PURELY MECHANICAL FROM TECHNICAL LINK TO DOLLAR. WHILE OTHER FACTORS OBVIOUSLY COME INTO PLAY, E.E. POSSIBLE EFFECT ON BUSINESS CONFIDENCE AND SAG COMMITMENT TO EXPANDING ECONOMY (DESPITE UNCERTAINTIES OF OIL PROBLEM), CHANGES IN RAND RATE DO APPEAR BE OF SUFFICIENT MAGNITUDE TO PROMPT AT LEAST CONSIDERATION OF VALUATION CHANGE. SMITH

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: GOLD HOLDINGS, FOREIGN EXCHANGE HOLDINGS, CURRENCIES, DEVALUATION RUMORS
Control Number: n/a
Copy: SINGLE
Draft Date: 27 DEC 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: garlanwa
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973PRETOR04703
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: PRETORIA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t1973125/aaaaadii.tel
Line Count: 93
Locator: TEXT ON-LINE
Office: ACTION AF
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: PRETORIA 4536
Review Action: RELEASED, APPROVED
Review Authority: garlanwa
Review Comment: n/a
Review Content Flags:
Review Date: 11 JAN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <11-Jan-2002 by martinjw>; APPROVED <01-Feb-2002 by garlanwa>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: SOUTH AFRICAN GOLD AND FOREIGN EXCHANGE RESERVES
TAGS: EFIN, SF
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005